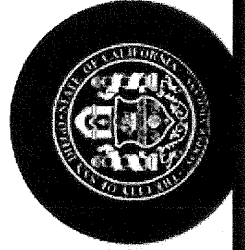
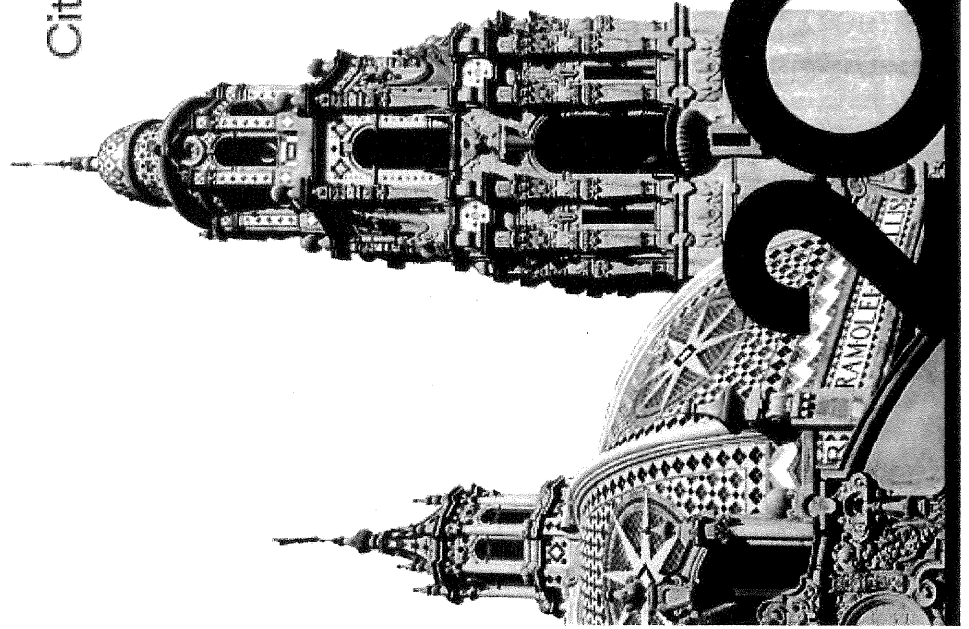


City of San Diego **FY:2010** PROPOSED BUDGET

# Mayor Jerry Sanders

April 13, 2009





## FISCAL YEAR 2010 PROPOSED BUDGET

- **SAFEGUARDS** the City's core services, including police and fire, streets, and water
- **SOLVES** fiscal year 2010 \$60 million General Fund deficit without reducing library and recreation center hours
- **FORTIFIES** reserves, including General Fund reserve and Public Liability Fund reserve
- **STAFFS** new park facilities and a new library which are scheduled to open in FY10, funds community plan updates, and replaces fire station alert systems to improve response times
- **SUSTAINS** financial reforms and continues to clear backlog of deferred maintenance projects
- **BALANCES** General Fund budget while protecting the City's hard-working employees from layoffs



## FISCAL YEAR 2010 PROPOSED BUDGET

City Budget by Fund	FY 2009 Annual Budget	FY 2009 Revised Budget	FY 2010 Proposed Budget
General Fund	\$1,192,608,391	\$1,156,037,357	\$1,146,118,656
Non General Fund	\$1,347,877,661	\$1,346,893,193	\$1,379,236,548
Capital Improvements Program	\$586,959,599	\$586,959,599	\$480,704,755
<b>Total</b>	<b>\$3,127,445,651</b>	<b>\$3,089,890,149</b>	<b>\$3,006,059,959</b>



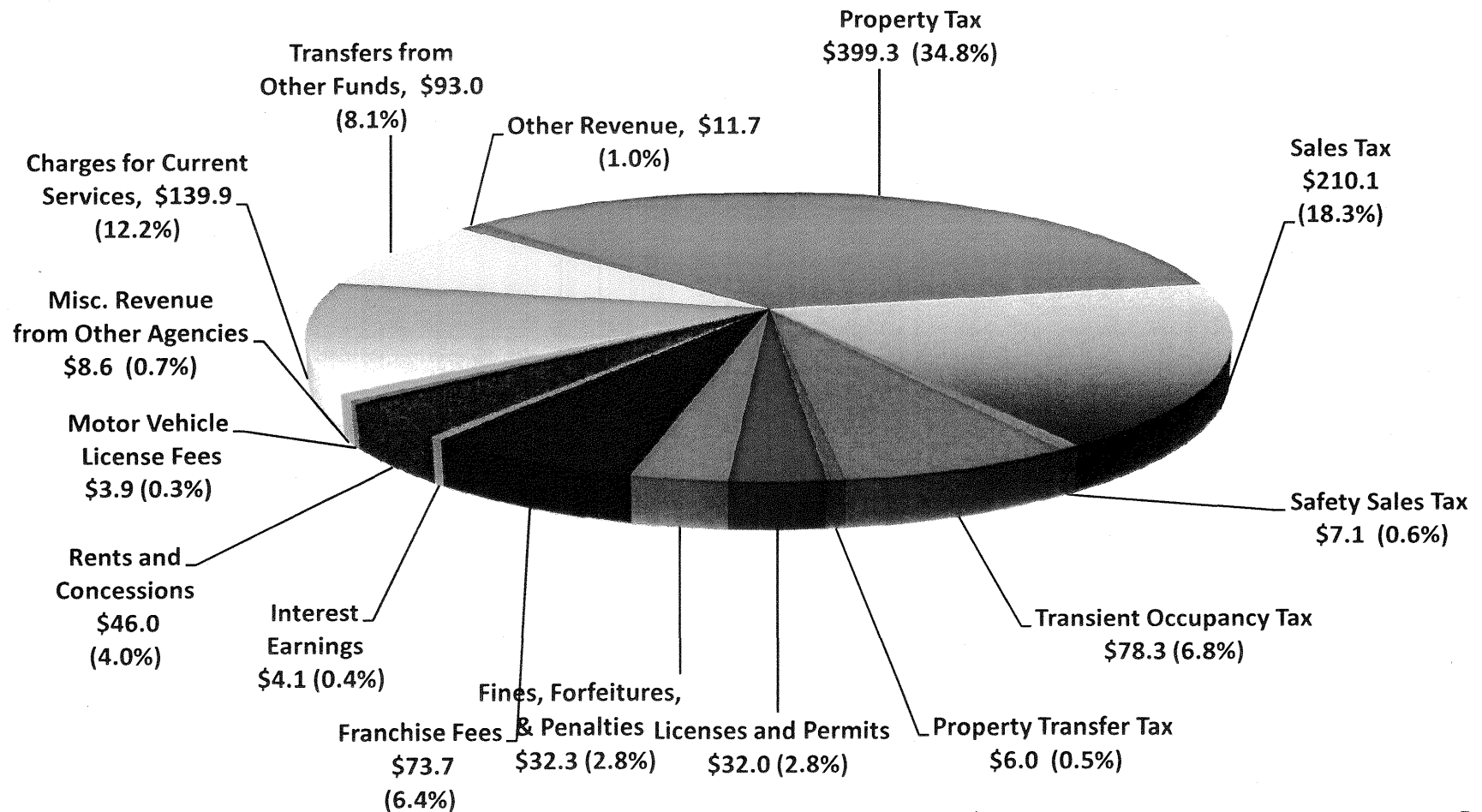
## FUNDING EIGHT SIGNIFICANT AREAS

Significant Area	FY 2010 Solution	
	General Fund Total	Citywide Total
<b>Pension</b> Unfunded Actuarial Accrued Liability \$1.3 billion	\$125.3 million	\$154.2 million
<b>Retiree Healthcare</b> Unfunded Actuarial Accrued Liability \$1.25 billion	\$39.8 million	\$57.1 million
<b>Deferred Maintenance/Capital Projects Backlog</b> \$500-\$700 million total	\$4.9 million	\$32.2 million
<b>Worker's Compensation Fund Reserve</b> \$156.1 million in total filed claims	\$4.0 million	\$5.0 million
<b>Public Liability Fund Reserve</b> \$114.5 in total filed claims	\$7.1 million	\$7.1 million
<b>General Fund Reserve<sup>(1)</sup></b> 7% in Fiscal Year 2010	-	-
<b>Americans with Disabilities Act Improvements</b> \$10.0 million per year	-	\$10.0 million

<sup>1</sup> Target will be achieved without the need to make an additional contribution in FY 2010.

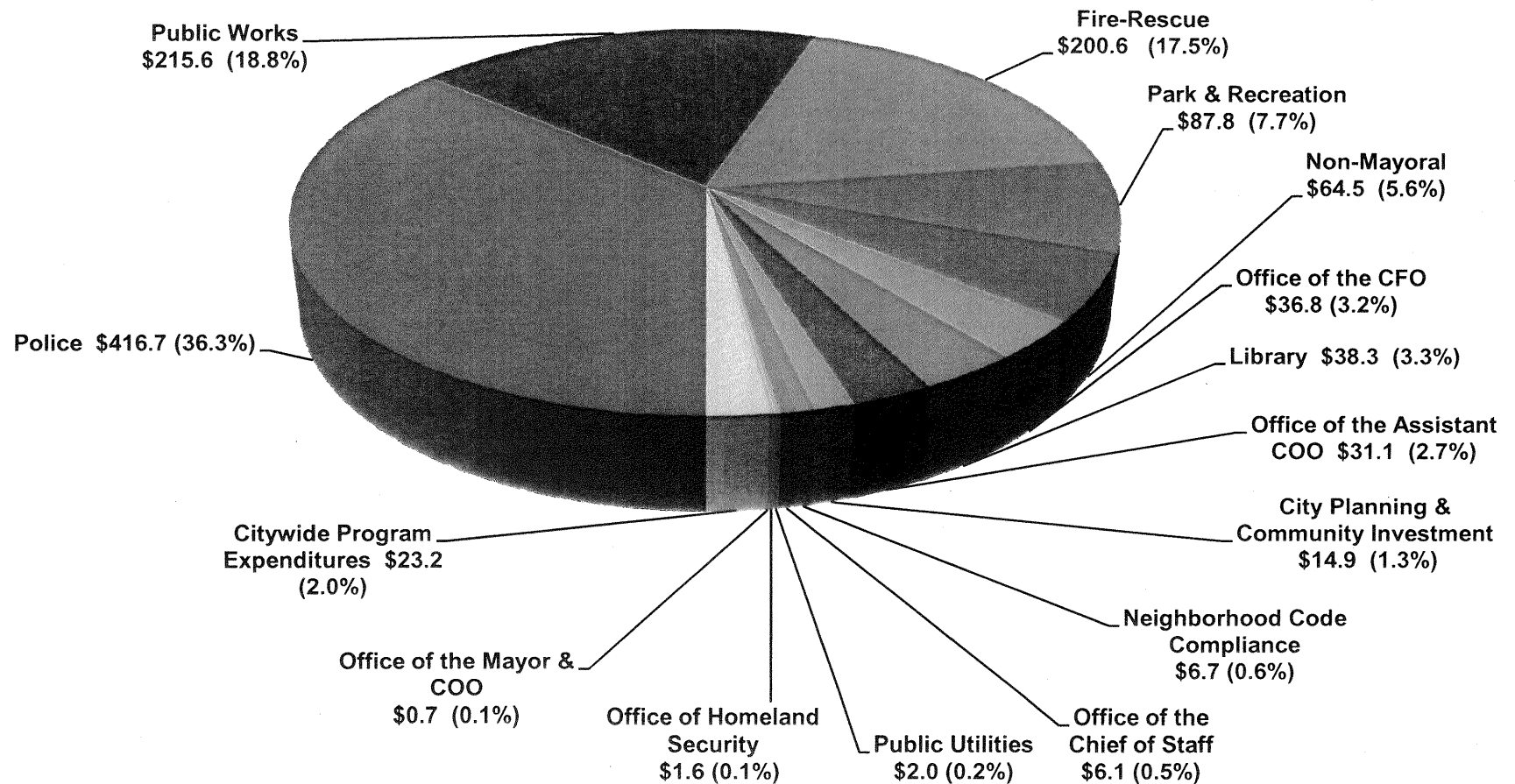


## General Fund Revenues - \$1.15 Billion (in millions)





## General Fund Expenditures - \$1.15 Billion (in millions)





## BUDGET HIGHLIGHTS

- **Staffing of long planned library and park & recreation facilities scheduled to open in FY 2010:**
  - **Logan Heights Library**
  - **Park and Recreation facilities:**
    - **Ocean Air Recreation Center and Park**
    - **Naval Training Center Liberty Station (Phase II)**
    - **Alice Birney Elementary School Joint Use**
    - **Roosevelt Middle School Joint Use**
    - **Hilltop Community Park (Phase III)**
- **Full-year staffing and operational support for facilities that opened in FY 2009:**
  - **Mira Mesa Hourglass Community Park Field House**
  - **La Mirada Elementary School Joint Use**



## BUDGET HIGHLIGHTS

- **Community Plan Updates**
  - Mission Valley
  - Ocean Beach
  - Otay Mesa
  - Uptown/North Park/Golden Hill
  - Skyline/Paradise Hills
  
- **New fire station alert system to improve response times**





## Eliminated Positions from City Payroll

Fiscal Year	Positions
FY 2007 Annual Budget	(38.00)
FY 2008 Annual Budget	(629.71)
FY 2009 Annual Budget	(57.82)
FY 2010 Proposed Budget <sup>1</sup>	(149.27)
<b>Total</b>	<b>(874.80)</b>

<sup>1</sup> Includes the elimination of 150.95 FTE positions included in the FY 2009 Revised Budget approved by City Council.



## BALANCING FY 2010 PROPOSED GENERAL FUND BUDGET

Projected Labor Concessions	\$30.0 million
Internal Stabilization Reserves <sup>1</sup>	\$17.8 million
Revised/New Fees	\$ 6.7 million
Library Systems Improvement Fund <sup>1</sup>	\$ 3.8 million
Franchise Fees <sup>2</sup>	<u>\$ 4.3 million</u>
Total	\$62.6 million <sup>3</sup>

<sup>1</sup> Subject to ordinance amending the Municipal Code to allow the use of these funds for general government purposes

<sup>2</sup> Includes \$2.6 million from Facilities Franchise Fees.

<sup>3</sup> This total includes the \$2.6 million referenced in note 2, above, and was part of the fiscal year 2009 mid-year correction.



## FY 2010 General Fund Revenue Trends

(in millions)

Revenue	FY 2009 Annual Budget	FY 2009 Revised Budget	FY 2010 Proposed Budget	Variance (2009 Revised Bud vs 2010 Proposed Bud)	
				Actual	Percentage
Property Tax	\$411.1	\$396.6	\$399.3	\$2.7	0.7%
Sales Tax	\$222.1	\$216.2	\$210.1	(\$6.1)	-2.8%
Transient Occupancy Tax	\$90.6	\$82.2	\$78.3	(\$3.8)	-4.7%
Franchise Fees <sup>2</sup>	\$69.5	\$68.2	\$73.7	\$5.5	8.1%
Other Revenues	\$399.3	\$392.8	\$384.6	(\$8.2)	-2.1%
<b>Total</b>	<b>\$1,192.6</b>	<b>\$1,156.0</b>	<b>\$1,146.1</b>	<b>(\$9.9)</b>	<b>-0.9%</b>

<sup>1</sup> Total Citywide TOT Revenue is \$148.7 million in FY 2010; was \$173.0 million in FY 2009 Annual Budget and \$156.9 million in FY 2009 Revised Budget.

<sup>2</sup> FY 2010 Proposed Budget includes refuse hauler fee increases of \$1.7 million and Facilities Franchise fees of \$2.6 million.

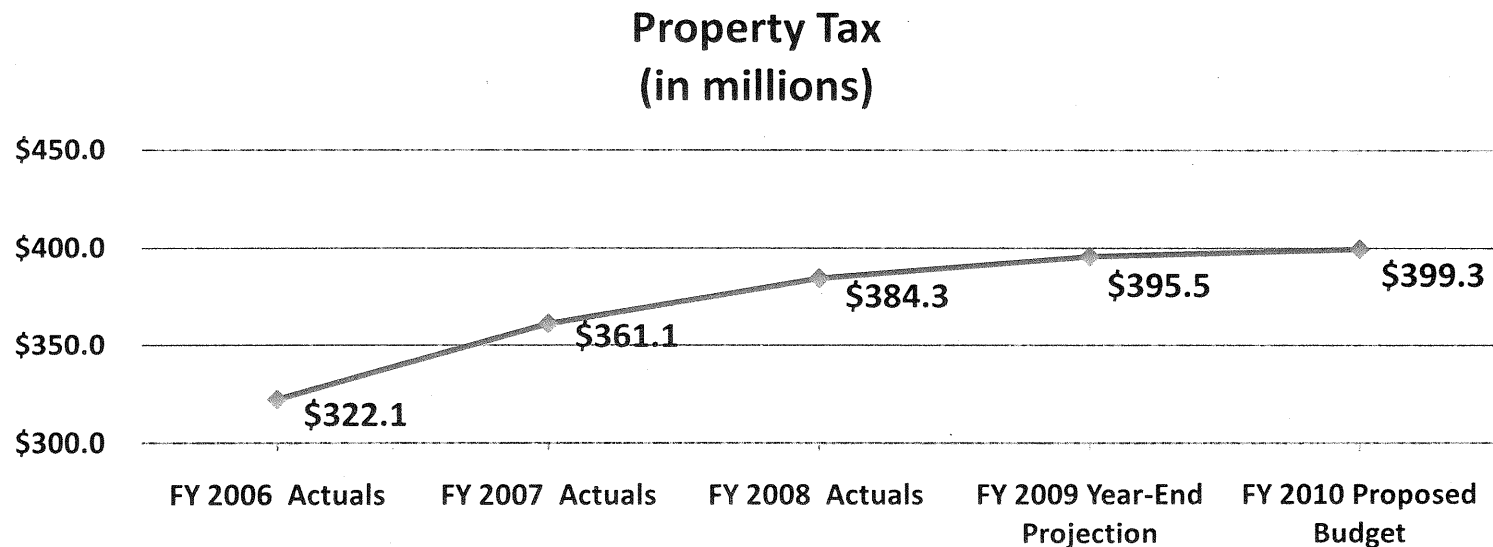


## FY 2010 PROPERTY TAX REVENUE

- FY 2010 Proposed Budget: \$399.3 million
- FY 2010 Budgeted growth rate: 1.0 percent
- Economic Factors:

Median Home Price decreased 31.5% from Feb'08 to Jan'09

Residential Permits decreased 39.6% from Feb'08 to Jan'09

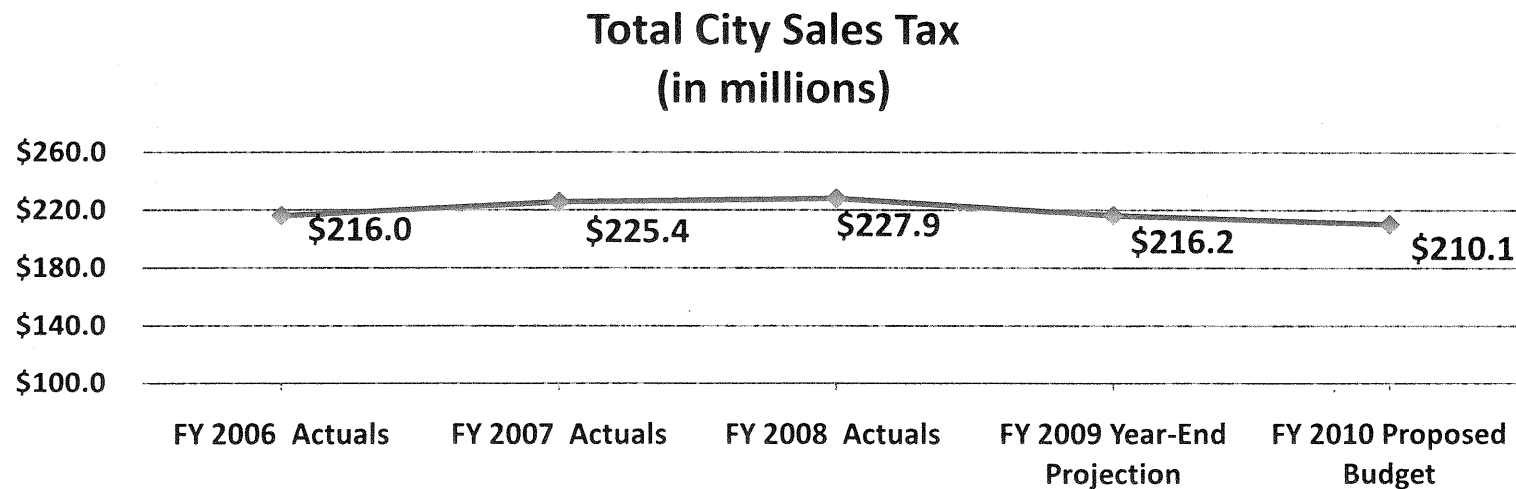




## FY 2010 TOTAL CITY SALES TAX REVENUE

- FY 2010 Proposed Budget: \$210.1 million
- FY 2010 Budgeted growth rate: -2.8 percent
- Economic Factors:

Per Capita Income Growth slowed to less than 3.0 percent as of Feb'09  
Average Consumer Savings Rate has risen to 5.0 percent





## FY 2010 TRANSIENT OCCUPANCY TAX REVENUE

➤ FY 2010 Proposed Budget : \$78.3 million (General Fund)\*

➤ FY 2010 Budgeted growth rate: -2.0 percent

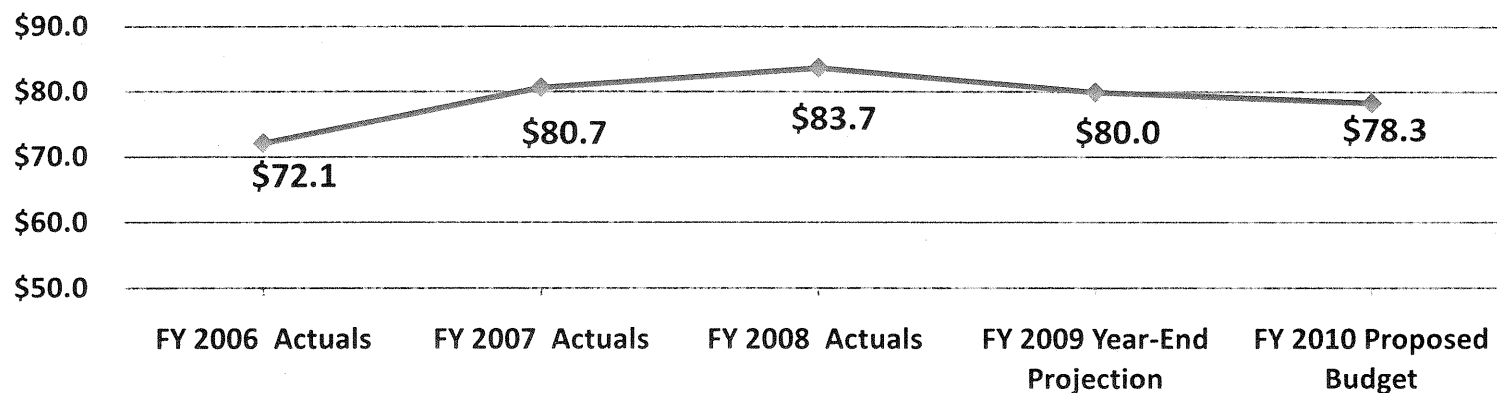
➤ Economic Assumptions:

Room Demand is anticipated to drop by 8.1% during calendar year 2009

Hotel Occupancy Rate is anticipated to drop from 69.5% to 61.9%

(Source: ConVis)

### General Fund Transient Occupancy Tax (in millions)



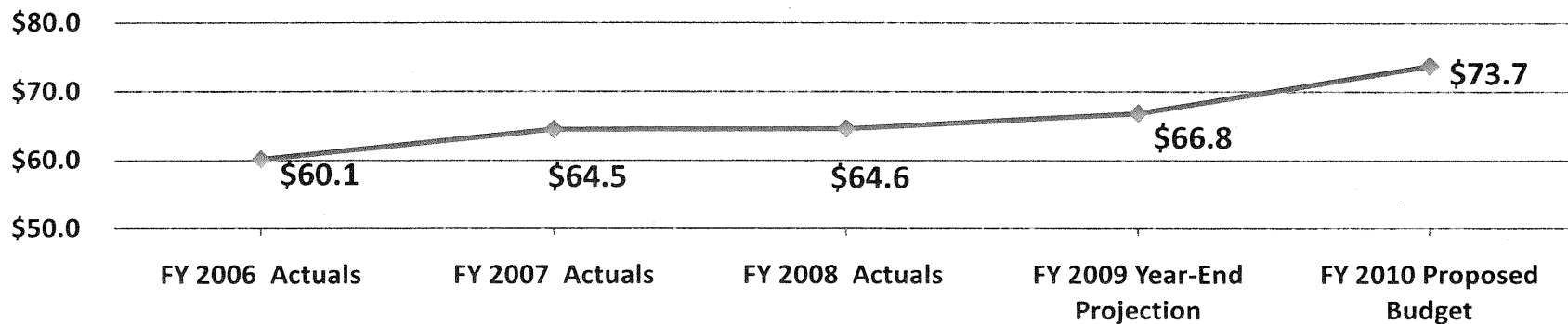
\*Total Citywide TOT Revenue is \$148.7 million in FY 2010 Proposed Budget.



## FY 2010 FRANCHISE FEE REVENUE

- FY 2010 Proposed Budget: \$73.7 million
- FY 2010 Budgeted growth rate (SDGE): 2.8 percent
- FY 2010 Budgeted growth rate (Cable): 4.3 percent
- Includes Refuse Hauler Fee increases of \$1.7M and Facilities Franchise fee of \$2.6M

### General Fund Franchise Fees (in millions)





### Major General Fund Revenue Percent Change

Major General Fund Revenues	FY 2007 Actuals	FY 2008 Actuals	FY 2009 Annual Budget over FY 2008 Actuals	FY 2009 Revised Budget over FY 2008 Actuals	FY 2009 Year- End Projection over FY 2008 Actuals	FY 2010 Proposed Budget over FY 2009 Year- End Projection
Property Tax	12.1%	6.4%	7.0%	3.2%	2.9%	1.0%
Sales Tax	4.4%	1.1%	-2.5%	-5.1%	-5.1%	-2.8%
Transient Occupancy Tax	11.9%	3.8%	8.2%	-1.8%	-4.5%	-2.0%
Franchises	7.2%	0.2%	7.6%	5.6%	3.5%	3.2%
Motor Vehicle License Fees	-8.1%	-27.9%	17.7%	3.2%	-33.7%	0.7%
Property Transfer Tax	-20.5%	-24.7%	27.0%	-8.0%	-15.9%	0.0%
Safety Sales Tax	26.7%	-2.9%	5.2%	-4.1%	-5.7%	-3.0%
<b>TOTAL</b>	<b>8.6%</b>	<b>3.2%</b>	<b>4.6%</b>	<b>0.3%</b>	<b>-0.7%</b>	<b>0.4%</b>





## MAYOR'S FISCAL ACCOMPLISHMENTS

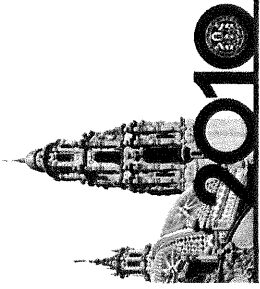
- Set a fiscally aggressive timeline to pay off City's pension liability
- Issued audited Financial Statements for fiscal years 2003, 2004, 2005, 2006, 2007 and 2008 in just two years
- Returned the City to the public bond market
- Created the Five-Year Financial Outlook
- Established a hybrid pension plan for new employees
- Funded eight significant areas
- Streamlined city government
- Eliminated 875 positions – saved \$68.9 million annually



## **MAYOR'S FISCAL ACCOMPLISHMENTS**

(continued)

- Dedicated more than \$100 million to long-delayed deferred maintenance
- Established a retiree health-care trust fund
- Established the City's first set of Performance Measures
- Appointed the City's first Chief Financial Officer and an Internal Auditor
- Reformed CDBG implementation and oversight
- Developed a Full-Cost Recovery Fee Policy consistent with Kroll Report



City of San Diego **FY:2010** PROPOSED BUDGET

# Q & A